

**Testimony of
Orlando Rodriguez**

**Connecticut Education Association
Before the Education Committee on March 14, 2018**

**HB 5447 AA IMPLEMENTING THE RECOMMENDATIONS OF THE AUDITORS
OF PUBLIC ACCOUNTS CONCERNING PRIVATE PROVIDERS OF SPECIAL
EDUCATION**

**HB 5451 AAC FUNDING FOR REGIONAL AGRICULTURAL SCIENCE AND
TECHNOLOGY EDUCATION CENTERS**

Good afternoon Senator Slossberg, Senator Boucher, Representative Fleischmann, and members of the Education Committee. My name is Orlando Rodriguez. I serve as the Research and Policy Development Specialist for the Connecticut Education Association (CEA) and as our organization's chief economist. CEA is the largest teachers' union in Connecticut representing active and retired teachers who inform our legislative priorities.

CEA supports HB 5447

Last month the state's Auditors of Public Accounts released its findings on public spending on special education services from private providers.¹ They found the following regarding *private* education services: lax and inadequate accounting by public school districts; insufficient documentation by service providers; inconsistent pricing; and no accountability for quality of services. The auditor's first recommendation is,

"The State Department of Education should consider defining allowable types of costs for private providers of special education services."

This bill implements this recommendation by requiring the Commissioner of Education to "... **develop a rate schedule** [author emphasis] *for the amount or range of amounts that may be charged by a private provider of special education services*" We wholeheartedly agree. The state should treat all non-public providers of services the same. The same rate paid to each provider for well-defined services.

Interestingly in 2017, the same non-partisan auditors made a similar recommendation regarding Charter Management Organizations (CMOs), which are *business*-run charters funded with public monies. The auditors recommended:

*“The Department of Education should develop a policy with respect to the methodology used by management service organizations [CMOs] to calculate **service fee rates** [author emphasis] based, in part, on a schedule of allowable costs.”ⁱⁱⁱ*

The Connecticut State Department of Education still does not have a standard set of fees for services that would apply to all CMOs across the state. Our testimony to the Appropriations Committee on February 22, 2018, details the specifics of our findingsⁱⁱⁱ, which are consistent with the auditor’s report. Currently, the state is not implementing C.G.S. § 10-66mm, which states irrefutably that the State Board of Education shall, “... *calculate per pupil service fees [for CMOs] ...*” This fee schedule does not exist; yet, both the state’s Auditors of Public Accounts and statutes require them.

CEA has long been a supporter of charter schools, as they were conceived in 1996. In fact, *Integrated Day Charter School*, in Norwich, was among the state’s first charter schools and founded by CEA. Two other charter schools also affiliate with CEA. But we remain concerned about what some charter schools have evolved into. Our concern is specifically with *business-run* CMOs and their exorbitant and unnecessary management fees, which are public monies paid by Connecticut’s taxpayers.

CEA suggests prohibiting a CMO fee, which would free millions of dollars yearly to fund more K-12 programs with no negative impact on educational outcomes. But if we must have *business-run* charters, at a minimum require them to have the same transparency and abide by the same fiscal rules that traditional public school have to follow. And pay them a standard rate per pupil as the auditors recommended and statutes require.

CEA supports HB 5451.

It is welcomed news that at a time when the state’s K-12 enrollment is declining, there are still students wanting to attend our regional Agricultural Science and Technology Education Centers (ASTE). This speaks to the importance of these specialized programs.

While we would like to see more resources for these important regional centers, we also recognize that the state’s massive cuts to K-12 education funding are affecting school districts across the state. We ask this Committee to be careful not to take resources away from already underfunded districts to pay for other underfunded programs.

If this Committee is looking for funds, it need go no further than CMO funding. The Committee will find monies to pay for ASTE and other underfunded programs from the unnecessary management fees paid to business-run charters. In fact, the current budget of **Achievement First Hartford** includes a **\$1.2 million** fiscal carry over from FY 2016-2017, which the CMO did not use. It is not unusual for CMOs to carry forward unused funds from year-to-year. What is unusual and

unacceptable is for CMOs to ask for additional money from the state when they are sitting on a surplus of funds.

Management fees at Achievement First more than doubled - increasing by 139 percent (\$3 million) over a five year-period.^{iv} The business executives that run CMOs get rich from public funds that should have gone to our children while at the same time also taking valuable tax dollars away from other public schools. The best charter schools in the state do not pilfer funds from students. There are 15 charters that operate successfully without CMOs and their outrageous management fees.

We thank you for your time and interest.

Endnotes

ⁱ https://www.cga.ct.gov/apa/reports/performance/PERFORMANCE_Private%20Providers%20of%20Special%20Education_20180222_CY2015,2016.pdf

ⁱⁱ https://www.cga.ct.gov/apa/reports/Education,%20Department%20of_20170504_FY2009,2010,2011.pdf

ⁱⁱⁱ <https://www.cga.ct.gov/2018/appdata/tmy/2018HB-05035-R000222-Rodriguez,%20Orlando,%20Research%20and%20Policy%20Development%20Specialist-Connecticut%20Education%20Association-Bilingual%20education-TMY.PDF>

^{iv} Orlando Rodriguez, *Corporate-Style Charter Schools in Connecticut Financial Data: FY 2011 and FY 2016*